

Message Text

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ACTION ARA-10

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P R 141635Z DEC 76
FM AMEMBASSY AMEMBASSY BRASILIA
TO SECSTATE WASHDC PRIORITY 9111
INFO USDOC WASHDC
FAA WASHDC
AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO

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E.O. 11652: N/A
TAGS: BEXP ESTC BR
SUBJECT: SALE OF US RADAR TO EMBRAER

REF: (A) STATE 297156 (B) RIO DE JANEIRO 4865 (C) BRASILIA 9239
(D) STATE 260711 (E) BRASILIA 8684 (F) STATE 227934
(G) RIO DE JANEIRO 3311

1. IN VIEW OF CONFLICTING INFORMATION ON PROSPECTS FOR CUTLER-HAMMER SALE (REF A AND B), EMBASSY REQUESTED CONGEN RIO TO DISCUSS CURRENT SITUATION WITH COMPANY'S RIO REP.
2. CUTLER-HAMMER (AIL) REPRESENTATIVE BELIEVES THAT EMBRAER AND CHILEAN NAVY WILL ACCEPT PROPOSED RADAR MODIFICATION (I.E., DELETION OF FRENGENCY AGILITY -- SEARCH CAPABILITY). HE IS CONCERNED, HOWEVER, THAT EMBRAER IS SERIOUSLY CONSIDERING THE ADOPTION OF THE THOMPSON CSF EQUIPMENT IN ORDER TO GAIN FLEXIBILITY IN DEALING WITH FUTURE FOREIGN SALES. PRESENT PURCHASE ORDER ONLY COVERS EMBRAER'S NEAR-TERM NEEDS FOR BANDEIRANTE RADARS.
3. COMMENT. EMBASSY AGRESS WITH CONGEN RIO'S JUDGEMENT (REF B), WHICH CROSSED REF A)
IN VIEW OF FRENCH INTEREST, THERE
IS DANGER EMBRAER MAY SUBSTITUTE FRENCH EQUIPMENT AT LEAST FOR FUTURE SALES. PARA3 OF REF B, OF COURSE, WAS IMPRECISE; INTNT WAS
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TO EXPRESS HOPE THAT DOWNGRADING OF EQUIPMENT FOR SALE TO

CHILEAN NAVY COULD SPEEDILY ACOMPLISHED. EMBASSY ENCOURAGED BY REF A.

4. EMBASSY RECONIZES EXISTING LEGAL CONSTRAINTS CONCERNING THE RRMOVAL OF THIS ITEM FROM MUNITIONS CONTROL LIST, IN LIGHT OF EARLIER TECHNICAL EVALUATION (REF D). WE UNDERSTAND THAT CURRENT PROBLEM OF EXPORT SALES TO CHILE ARISES FROM THE PROVISIONS OF THE INTERNATIONAL SECURITY ASSISTANCE AND ARMS CONTROL ACT OF 1976, WHICH SPECIFICALLY PROHIBITS ISSURANCE OF EXPORT LICENSES FOR MUNITION LIST ITEMS TO CHILE (REF D) -- A POINT APPARENTLY NOT FULLY UNDERSTOOD BY CUTLER-HAMMER RIO REP. EMBASSY WOULD APPRECIATE OF DEPT'S ADVICE CONCERNING:

(A) WHAT PROBLEMS LISTING OF THE EQUIPMENT ON MUNITIONS CONTROL LIST WOULD POSE FOR CONCEIVEABLE BRAZILIAN SALES TO OTHER COUNTRIES, SUCH AS BOLIVIA COLOMBIA, OR URUGUAY (REF B); AND

(B) WHETHER USE OF DOWNGRADED VERSION BEING DEVELOPED FOR SALE TO CHILE IN THESE OTHER POSSIBLE SALES WOULD CONSITUTE COMPETITIVE HANDICAP FOR EMBRAER EXPORT EFFORTS TO THESE OTHER COUNTRIES.

5. EMBASSY REQUESTS THAT ALL MESSAGES ON THIS SUBJECT INCLUDE RIO AND SAO PAULO (COMMERCIAL COUNSELOR) AS INFO ADRESSEES. CRIMMINS

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